HIGLAS Highlights

A Moeller Minute…
A Message from John Moeller, CMS, Director, HIGLAS Program Office

We have made tremendous progress in the HIGLAS project since the inaugural Fall edition of the HIGLAS Highlights newsletter. Our design phase is up and running and we are working hard to set up the financial package. As we continue working towards a successful implementation, we will share with you all of the major milestones as we accomplish them.

Following the first Conference Room Pilot, which occurred in early February 2002, we determined that additional tasks might need to be added to the schedule to implement HIGLAS successfully. We have been working with PricewaterhouseCoopers to review such tasks and to reestablish the project timeline. Hence the projected dates have changed from the first HIGLAS Highlights, and may even change again as we progress through the project plan. After the replanning effort is completed, we will share new project dates.

We continue to make progress in establishing a permanent HIGLAS management team. I am pleased to welcome Elaine Wigginton as the deputy director for the HIGLAS Program Office. Elaine replaces Dave Smith, who retired in January 2002. I look forward to working closely with Elaine and tapping into her vast work experiences.

In addition, I am pleased to announce that Rich Stevens, George Jenkins, Janet Vogel, Scott Beam, and Ted Doyle have officially been named to the HIGLAS management team. Rich is serving as the HIGLAS implementation and operations group director. George is directing the HIGLAS business process group. Janet is leading the technical configuration team. Scott is managing the application support group and Ted is directing the project management and contractor liaison staff. This group's combined leadership is invaluable to the success of our project and I am pleased to officially welcome them.

As we progress towards implementation, we encourage your feedback. Please continue to contact us at *higlas@cms.hhs.gov* with questions or comments about the HIGLAS project.

The HIGLAS System: An Overview of the Oracle COTS Financial Package

The HIGLAS solution relies on a commercial off-the-shelf (COTS) software package to address Medicare contractor and CMS administrative accounting functional requirements, as well as the key technical performance requirements. Oracle Federal Financials applications serve as the core application set for the HIGLAS solution. The HIGLAS solution will be implemented in multiple phases, beginning with the pilot contractors. This will include implementing the following Oracle modules: Accounts Payable, Accounts Receivable, and General Ledger. Future phases will include the implementation of other Oracle modules, including Purchasing and Fixed Assets. The final implementation will provide the capability needed to process and share information among all of the Medicare contractors and CMS administrative staff.

Implementing the HIGLAS COTS package involves business processes analysis, application configuration, and resolving the gaps that exist between the business requirements and the COTS package capabilities. The HIGLAS Business Process Reengineering team is currently attempting to resolve these gaps for the pilot implementation through process redesign, thus minimizing the need for extending the COTS package.

"We want to make sure we lay a foundation and do our homework before we implement HIGLAS. That is why the demonstrations are so critical."
– George Jenkins, CMS, Director, Business Processes Team

In the Spotlight:
The Business Process Reengineering and Applications Configuration Teams

The past four months have been extremely busy for the Business Process Reengineering and Application Configuration Teams. Led by George Jenkins and John Schiavone from CMS and David Hollis and Fred Fagerstrom

from PwC, these teams consist of the following functional areas:

> Business Process Reengineering
> Application Configuration
> Organizational Change Management
> Training
> Testing

The Business Process Reengineering (BPR) and Application Configuration (Apps Config) teams' efforts have been integral to the design phase of the project. This article highlights their progress to date.

Led by Fred Fagerstrom and Doug Garner from PwC, the teams first identified how business is conducted today at the pilot Medicare contractors, documented the "as-is" processes, and then designed the preliminary "to-be" environment, outlining how business will be conducted in the new HIGLAS system. During this effort, 1,800 business requirements were identified (approximately 900 for the pilot implementation and 900 for administration). The BPR team then matched the requirements against the functionality of the Oracle application to identify gaps. The BPR and Apps Config team is working closely with the technical team to resolve gaps without customizing the application. According to George Jenkins, customizing the system is "the last resort." Before customization occurs, the team will conduct an analysis to determine alternative solutions, which include eliminating the requirement.

The teams will demonstrate selected HIGLAS capabilities in a series of Conference Room Pilots (CRP) and an Enterprise Pilot (EP).

CRP 1 Participants

During the week of February 4, 2002, the teams held the first CRP with the two pilot contractors and other selected representatives. In CRP 1, the teams demonstrated selected business requirements for Accounts Payable, Receivable, and General Ledger in HIGLAS.

Prior to the next demonstration, which will take place in the Summer, the team will conduct working sessions with the pilot Medicare contractors, contractor liaison group, regional offices, and CMS Headquarters to further resolve gaps and define the "to-be" environment. According to George Jenkins, "We want to make sure we lay a foundation and do our homework before we implement HIGLAS. That is why the demonstrations are so critical." Once the demonstrations are completed, the Enterprise Pilot will take place, presenting end-

to-end processes included in the HIGLAS pilot implementation.

George Jenkins added that HIGLAS is one of the largest systems in the federal government. "Very few systems have to process over 1 billion transactions per year. We need to be sure that we design a workable business process to address all major gaps and that the system we implement is robust enough to handle all transactions running through the queue." With all of the hard work George and John's teams have performed, we are sure HIGLAS is headed in the right direction.

Many thanks to George Jenkins from CMS for contributing to this article.

In the Spotlight:
An Interview with the Contractor Pilots:
Palmetto and Empire

We had the pleasure of interviewing Lori Moser, team lead from Palmetto Government Benefits Administrators (Palmetto), and Nick Minale and Greg Archambeau, team co-leads from Empire Medicare Services (Empire). The following interview describes their role in the HIGLAS pilot implementation.

Q: How will HIGLAS benefit your organization? What are you most excited about?

Empire: HIGLAS will benefit us in the following ways:
- Manual processes within (Multi-Carrier System) MCS standard system will become systematic within HIGLAS
- Each receivable will house the status progression for the activities performed on the collection efforts of the debt
- Eventually both our current MCS and VMS (VIPS Medicare System) Accounting Areas will be on the same system
- CFO (Chief Financial Officer) Reporting will be streamlined
- Elimination of duplicate work that PSOR (Physicians and Suppliers Overpayment Report) creates
- All Medicare contractors will be consistently using the same processes and can talk the same language

Palmetto: Many feel one of the greatest advantages will be a uniform system across all lines of business and all contractors. This will help standardize functions and processes so that the cuff systems can be eliminated. The reporting capabilities are looked upon as another great advantage. Today we spend many man-hours completing our quarterly reporting. HIGLAS will facilitate the process so that our efforts can be shifted to trending and data analysis rather than compilation of the data.

Q: What are your concerns regarding the implementation of HIGLAS?

Empire: We are most concerned that:
- Conversion of our MCS current receivables will be at a sufficiently detailed level (e.g., our multiple receivables matching one overpayment letter to a PSOR case)
- How long we will need to combine HIGLAS CFO data with our VMS system data
- VMS issues may not be identified timely since a VMS pilot does not begin until a later phase
- How long it will take for our VMS Financial to convert to HIGLAS

Palmetto: One big concern is volume. HIGLAS is perceived to be a very robust system. However, the volume across all contracts is very large when just looking at claims data. We are concerned whether HIGLAS can handle the high volume of claims once all contractors are transitioned to HIGLAS. We also process numerous non-claims transactions on a daily basis. Another concern is around data conversion. There are many issues to be considered when thinking about what data will be converted into HIGLAS. Another small concern is HIGLAS is so different than our current systems. It may be difficult for some to learn if they are not accustomed to working in a web-based environment. This will hopefully be addressed in the training, but it needs to be stressed during training.

Q: What is important for other contractors to know as they go through the process?

Empire: It is important that other contractors know the following while going through the implementation process:
- High-level understanding of the reasons for HIGLAS as well as the benefits, using words that they can understand and relate to
- The crosswalk of CMS/Medicare contractor and HIGLAS terminology should be shared once completed

Palmetto: Communication seems to be the central theme. It is important for other contractors to know the decisions that have been made regarding policy and process changes and the rationale behind the decisions. As contractors move into their implementation of HIGLAS, they will be prepared for the policy and business process changes and will have an understanding for the need for the changes. Also, it is important for other contractors to see how things are progressing with the design and BPR activities. I think it is a big concern for contractors as to how HIGLAS will affect their employees and job functions. Also, it is important for the contractors to understand how much work will be involved with their implementation. It's important for them to know they will be the hands-on people working closely with the PwC and CMS HIGLAS teams throughout their implementation.

Q: How is implementation progressing from your perspective?

Empire: This process is slower than expected but we realize that all stakeholders are starting at different places in the process and all must reach the same level set. Furthermore, since working this closely with CMS as a pilot is a new approach for both CMS and us, we are both working diligently to ensure that the pilots are consulted when contractor input is needed.

Palmetto: Many feel things are progressing well because of the work currently being done on the gap resolution. However, there are many gaps to be addressed and we feel things should progress more in terms of the re-engineering effort that will be required for any of the gaps. Many things still need to be decided to get us where we need to be in October 2002. We are very anxious to continue to be an integral part of this project.

How were the two contractors chosen for the pilot phase?

CMS sought contractors with a full Medicare claims mix and a large Medicare claims volume to serve as the pilot sites. In the Fall of 2000, CMS selected Empire and Palmetto. In addition to showing an early interest in the HIGLAS project and providing experienced financial and technical staff, these contractors have the full spectrum of Medicare's claims mix. Empire is both a carrier and a fiscal intermediary. Palmetto is a carrier, fiscal intermediary, Regional Home Health Intermediary (RHHI), and a Durable Medical Equipment Regional Carrier (DMERC).

Things You Should Know About HIGLAS:

Q: Will HIGLAS help reduce Medicare fraud?

A: HIGLAS is an accounting system, which in and of itself will not prevent or reduce fraud. It will, however, aid in the collection of identified Medicare receivables. HIGLAS will provide for more accurate financial reporting and follow-up recovery of identified overpayments, resulting in a greater recovery rate for the Agency.

CMS anticipates realizing about $360 million in annual benefits from its enhanced ability to record, track, and collect receivables under HIGLAS. This figure is based on CMS's estimates of approximately $239 million per year from improved capabilities to record and track accounts receivable and approximately $121 million per year because of the implementation of more effective processes and systems used to collect receivables. In current dollars, this benefit estimate

represents an increase of 3% in account receivable collections by the Medicare contractors.

Q: How will HIGLAS affect Medicare contractors' claim processing activities?

A: HIGLAS is a uniform, integrated, dual-entry accounting system that will use the existing Medicare Contractor Data Centers and systems to process claims. Once a claim has been adjudicated, HIGLAS, not the standard system, will perform the payment calculation, formatting, and accounting that is performed today. HIGLAS will replace the benefit accounting processes used by the Medicare Contractors, not the claims processing activities.

The Medicare contractors will use HIGLAS for:
- Proper recording of receivables
- Issuing overpayment demand letters
- Receipt management activities
- Controlling and processing the payment management activities
- Registration of provider payment information
- Bank reconciliation
- CFO financial management and reporting activities, such as the 750, 751, C751, 1521, and the 1522 and entry of related CFO required data elements
- Recording cash receipts
- Producing bills for amounts due to CMS
- Maintaining information on entities owing CMS
- Providing 1099 Medicare information
- Maintaining general ledger functions
- Interface to CMS controlled systems for overpayment collection
- Accrual entries
- Manual payment and manual receivable entry

Q: How will contractors benefit from the implementation of HIGLAS?

A: Contractors will benefit from HIGLAS in a number of ways:

- Some manual processes will be replaced by automated processes. For example, the CFO reporting process should be more straightforward under HIGLAS than under the standard systems. While some financial/accounting processes will become more straightforward in HIGLAS, other contractor processes may have to change because of the need to meet federal financial requirements and/or to fit the best practices built into HIGLAS.
- CFO and CMS confidence in the quality of the financial information provided by contractors should increase because HIGLAS will incorporate dual-entry accounting and other data quality safeguards. This should result in

fewer resources being spent in reviewing data quality and resolving data quality issues.
- It is anticipated that contractors will be able to reduce the number of cuff systems they currently use to track financial data because such information will be available in HIGLAS.

HIGLAS Implementation Timeline

Important Dates to Remember

Per the replanning effort discussed by John Moeller on page 1, the projected dates have changed from the first HIGLAS Highlights, and may even change again as we progress through the project plan. As soon as they are available, we will communicate new project dates in a future edition of the newsletter.

Progress Report to Date

- Conducted general ledger, accounts receivable, and accounts payable workshops (December 2001)
- Finalized pilot implementation plans (January 2002)
- Finalized risk and quality assurance plans (January 2002)
- Conducted conference room pilot 1 (February 2002)
- Finalized requirements management plan (February 2002)
- Finalized configuration management plan (February 2002)

Upcoming Activities

- Conduct additional conference room pilot activities
- Complete Business Process Architecture Report
- Begin data conversion development
- Begin interface development
- Complete alternative implementation strategies
- Begin stress test analyses

Questions? Comments?

If you have questions or comments regarding the HIGLAS project or this newsletter, please e-mail:

HIGLAS@cms.hhs.gov